

§ 40.332

report in accordance with the provisions of § 40.201 and § 40.202, respectively. The manufacturer shall surrender his permit, with such inventory and report, to the appropriate TTB officer as notice of such discontinuance. The appropriate TTB officer may then terminate the liability of the surety on the bond of the manufacturer.

(72 Stat. 1422; 26 U.S.C. 5721, 5722)

[T.D. 6871, 37 FR 40, Jan. 4, 1966. Redesignated at 40 FR 16835, Apr. 15, 1975, and amended by T.D. ATF-232, 51 FR 28083, Aug. 5, 1986; T.D. ATF-243, 51 FR 43194, Dec. 1, 1986]

§ 40.332 Suspension and revocation of permit.

Where the appropriate TTB officer has reason to believe that a manufacturer of tobacco products has not in good faith complied with the provisions of 26 U.S.C. chapter 52, and regulations thereunder, or with any other provision of 26 U.S.C. with intent to defraud, or has violated any condition of his permit, or has failed to disclose any material information required or made any material false statement in the application for the permit, or has failed to maintain his premises in such manner as to protect the revenue, or is, by reason of previous or current legal proceedings involving a felony violation of any other provision of Federal criminal law relating to tobacco products, processed tobacco, cigarette paper, or cigarette tubes, not likely to maintain operations in compliance with 26 U.S.C. chapter 52, or has been convicted of a felony violation of any provision of Federal or State criminal law relating to tobacco products, processed tobacco, cigarette paper, or cigarette tubes, the appropriate TTB officer shall issue an order, stating the facts charged, citing such person to show cause why his permit should not be suspended or revoked. Such citation shall be issued and opportunity for hearing afforded in accordance with part 71 of this chapter, which part is applicable to such proceedings. If, after hearing, the Administrator, finds that such person has not shown cause why his permit should not be suspended or revoked, such permit shall be suspended for such period as

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the appropriate TTB officer deems proper or shall be revoked.

(72 Stat 1421, as amended; 26 U.S.C. 5713)

[T.D. TTB-75, 74 FR 14483, Mar. 31, 2009]

Subpart K—Manufacture of Cigarette Papers and Tubes

SOURCE: T.D. ATF-384, 61 FR 54085, Oct. 17, 1996, unless otherwise noted.

TAXES

§ 40.351 Cigarette papers.

Cigarette papers are taxed at the following rates under 26 U.S.C. 5701(c):

Product	Tax rate for each 50 papers* for removals during the following periods:	
	2002 to March 31, 2009	April 1, 2009 and after
Cigarette papers up to 6½" long.	\$ 0.0122	\$ 0.0315
Cigarette papers over 6½" long.	Use rates above, but count each 2¾ inches, or fraction thereof, of the length of each as one cigarette paper.	

*Tax rate for less than 50 papers is the same. The tax is not prorated.

(72 Stat. 1414; 26 U.S.C. 5701)

[T.D. TTB-75, 74 FR 14483, Mar. 31, 2009]

§ 40.352 Cigarette tubes.

Cigarette tubes are taxed at the following rates under 26 U.S.C. 5701(d):

Product	Tax rate for each 50 tubes* for removals during the years:	
	2002 to March 31, 2009	April 1, 2009 and after
Cigarette tubes up to 6½" long.	\$ 0.0244	\$ 0.0630
Cigarette tubes over 6½" long.	Use rates above, but count each 2¾ inches, or fraction thereof, of the length of each as one cigarette tube.	

*Tax rate for less than 50 tubes is the same. The tax is not prorated.

(72 Stat. 1414; 26 U.S.C. 5701)

[T.D. TTB-75, 74 FR 14483, Mar. 31, 2009]

§ 40.353 Persons liable for tax.

The manufacturer of cigarette papers and tubes shall be liable for the taxes imposed on such articles by 26 U.S.C. 5701. When a manufacturer of cigarette papers and tubes transfers such papers